



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0294812

**THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR THE SOUTH COWDEN UNIT TR 6 BATTERIES (LEASE
ID. NO. 19297), COWDEN, SOUTH FIELD, ECTOR COUNTY, TEXAS**

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Gene Montes – Legal Examiner

REVIEWED BY: Terry Johnson – Legal Examiner

HEARING DATE: June 3, 2015
RECORD CLOSED: June 3, 2015
SUBMISSION DATE: August 31, 2015
CONFERENCE DATE: September 15, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

Jamie Nielson
Kris Sinclair
David Young
Patrick Boyle

ConocoPhillips Co.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to 16 Tex. Admin. Code §3.32, ConocoPhillips Company ("Conoco") seeks an exception to flare casinghead gas from the South Cowden Unit Tr 6 Batteries ("Facility"). Conoco requests authority to vent or flare up to 400 MCFGD (MCFGD represents 1,000 cubic feet of gas per day), effective January 17, 2015, through January 16, 2016.

The application is unopposed. The Examiners recommend that it be approved.

DISCUSSION OF THE EVIDENCE

Applicable Rule

16 Tex. Admin. Code §3.32 ("SWR 32") governs flaring of natural gas produced under the jurisdiction of the Railroad Commission. Titled "Exceptions," SWR 32(h) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Application History

Mssrs. David Young and Kris Sinclair testified on behalf Conoco. Mssrs. Young and Sinclair are employed by Conoco as a Reservoir Engineer and a Senior Facility Engineer, respectively.

All operators that immediately offset the South Cowden Unit ("Unit"), as well as the Oil and Gas Division, were provided notice and an opportunity to participate in the hearing on March 4, 2015. Conoco was the only party to appear at the hearing.

The Unit contains numerous production wells completed in the Cowden, South Field. Conoco was granted 180 days of administrative authority to flare up to 275 MCFGD from the Facility, effective July 19, 2014 through January 16, 2015 (Permit No. 18949). On December 19, 2014, Conoco submitted its written request for the subject hearing.

Applicant's Argument

Mr. Sinclair testified that the casinghead gas produced at the Unit from the Cowden, South Field contains high concentrations of hydrogen-sulfide ("H₂S"). He testified that Conoco is unable to economically sell the casinghead gas from the Unit because the gas purchaser will not accept it due to high-H₂S concentrations. In order to continue producing oil from its wells on the Unit, Conoco must flare the casinghead gas.

Conoco is in the process of installing a compressor at the Facility. Once installed, Conoco will inject the gas, not flare it. Conoco expects the compressor to be functional at the end of the 3rd quarter, 2015. Therefore, Conoco requests authority to flare casinghead gas at the Facility for one year to allow it sufficient time to install the compressor.

FINDINGS OF FACT

1. ConocoPhillips Company ("Conoco") seeks an exception to flare casinghead gas derived from the Cowden, South Field, Ector County, Texas, through production wells located on the South Cowden Unit Tr 6 Batteries ("Facility") (collectively "Subject Application").
2. Sufficient notice of the Subject Application was made on March 4, 2015.

3. Conoco was the only party that attended the hearing held for the Subject Application.
4. Conoco requests to vent or flare up to 400 MCFGD (MCFGD represents 1,000 cubic feet of gas per day) from the Facility, effective January 16, 2015, through January 16, 2016.
5. Conoco received 180 days of administrative authority to vent or flare a maximum of 275 MCFGD on the Unit, effective July 19, 2014 through January 16, 2015 (Permit No. 18949).
6. The 180-day administrative vent/flare authority for Permit No. 18949 expired on January 16, 2015.
7. On December 19, 2014, Conoco submitted its written request for a hearing on the Subject Application.
8. The primary cause for flaring casinghead gas from the Unit at the Facility is due to high concentrations of H₂S casinghead gas coupled with the nearest gas market pipeline's inability to accept the highly concentrated H₂S casinghead gas.
9. Conoco will install a new compressor at the Facility in order to inject the casinghead gas produced at the Unit.
10. Approval of the subject application is reasonable and appropriate, in accordance with 16 Tex. Admin. Code §3.32(h).

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code §81.051.
2. Legally sufficient notice has been provided to all affected persons.
3. The requested authority to flare or vent up to 400 MCFGD of casing-head gas derived from the Cowden, South Field, Ector County, Texas, through production wells located on the Unit at the Facility, effective January 16, 2015, through January 16, 2016, satisfies the requirements of Title 16 TAC §3.32.

EXAMINERS' RECOMMENDATION

The Examiners recommend that the Commission grant an exception to flare or vent up to 400 MCFGD of casing-head gas from the Unit at the Facility, located in the Cowden, South Field, Ector County, Texas, effective January 16, 2015, through January 16, 2016.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Terry Johnson
Legal Examiner